

STATEMENT
INSURANCE ASSOCIATION OF CONNECTICUT

Labor And Public Employees Committee

February 15, 2011

SB 361, An Act Preventing The Use Of Credit Scores By Certain
Employers in Hiring Decisions

The Insurance Association of Connecticut, IAC, is opposed to SB 361 which prohibits the use of credit reports for employment purposes.

Credit reports are integral in the employment process, particularly for businesses with employees that hold certain positions in which their financial veracity is of concern. Furthermore, certain employers are required by law to know particular information about their employees, like their credit reports. SB 361's prohibition would prevent such employers from complying with the law. A credit report is a valuable tool to evaluate a person's personal responsibility and organizational skills. An individual with a high debt ratio may not be the ideal candidate for having access to consumers' assets or sensitive personal information. Prohibiting the use of such a vital tool in the hiring process for the insurance industry will be a direct impediment to hiring in Connecticut.

SB 361 specifically exempts financial institutions from its applicability. Such institutions are presumably exempt from SB 361's provisions due to the fiduciary responsibility their employees have. As SB 361 recognizes the importance of such entities being able to verify the veracity of their employees, the insurance industry should not be denied that same ability. Like the financial institutions exempted in SB 361, the insurance industry employs many individuals in fiduciary rolls and must be able to meet certain federal and state laws in regards to whom they employ. As such, the insurance industry should also be exempt from the provisions of SB 361.